

POLICY BRIEFING

February 2003 Vol. 5, No. 2

House Passes Welfare Reauthorization Bill
--

On February 13, the House of Representatives passed a welfare reauthorization bill, H.R. 4, that contains provisions virtually identical to those first put forward by President Bush last year, by a vote of 230 to 192. All but 11 Democrats voted against the bill, and all but 2 Republicans voted for its passage. The question of TANF reauthorization must now be taken up by the Senate. Provisions of the House bill, H.R. 4 would:

- Require “universal engagement” (in general, recipients must begin work activities immediately), 70% work participation rate, and a 40 hour work week for recipients.
- Require recipients to engage in work; except that the work-eligible individual may participate in “qualified activities” (limited education and training, substance abuse counseling or treatment, etc.) for up to 16 hours per week, and for only 3 months in any 24 consecutive months.
- Increase child care funding by \$2 billion, far short of the anticipated increase in need.
- Require that states apply a full-family sanction when a recipient does not comply with program requirements. States are currently given the option to apply a sanction to the adult but not the children of a case.
- Continue to bar legal immigrant parents from temporary assistance.
- Encourage the states to pass through up to \$100 (or \$50 more than the amount of the current state passthrough; whichever is less) of child support payments to families receiving TANF, by eliminating the requirement for payment of the federal share up to these amounts. The effective date of this provision would be October 1, 2005.
- Amend the purpose of TANF to include the encouragement of “the formation and maintenance of healthy, 2-parent married families, and [to] encourage responsible fatherhood.”
- Provides \$1.5 billion over 5 years for programs that promote marriage. The funds could be allocated as early as 2003.
- Add to the list of state expenditures eligible for “maintenance of effort” credit, “spending on non-eligible [*not just non-TANF, but non-eligible non-TANF*] families” to prevent out-of-wedlock birth, marriage, and responsible fatherhood.
- Provide federal waivers to allow for state demonstration projects “to coordinate multiple public assistance, workforce development, and other programs.” The language allowing for the waivers is very broad, and it is therefore difficult to determine the possible effects this kind of proposal would have on people who need state social services. There is no limit on the number of states to which such a waiver might be granted.
- The bill specifies a limited number of activities that can be funded through the “Healthy Marriage Promotion” competitive state grants program. Among them:

- Public advertising campaigns on the value of marriage and needed skills
- High school education on the value of marriage, relationship skills and budgeting
- Marriage enhancement and skills programs for married couples
- Marriage mentoring programs that use married couples in at-risk communities.

A copy of the bill is available at www.thomas.gov.

FY 2001 TANF Report Released; Includes Information on Child Support Payments

The U.S. Department of Health and Human Services has released its annual report on TANF. The report

contains information on the TANF program such as rates of caseload decline, which have been widely reported. Below are some of the less frequently cited statistics from the report, including some on child support collections and distributions:

- For former assistance cases, \$1,246,461,031 was retained by the government for reimbursement for cash assistance; for current assistance cases, the government retained \$989,672,231. The relatively high dollar retained in former assistance cases is due to the movement of families off of welfare due to welfare to work requirements, and the increased proportion of child support collections that are retained through the federal tax intercept. State governments are required to intercept tax returns of noncustodial parents who are behind in child support payments, and to distribute the funds first to the government as reimbursement for assistance.
- For each dollar spent to collect child support (administrative costs) from noncustodial parents, \$3.92 in child support was collected. Of this, \$3.38 was collected on behalf of non-TANF families, and 54 cents was collected from noncustodial parents whose families were on TANF or in foster care.
- Eighteen percent of the child support caseload is made up of cases for which the custodial parent is currently on assistance. Former TANF families make up 46% of the child support caseload and families who have never been on TANF comprise 36% of the caseload.
- Of the 2.1 million families receiving TANF assistance, 37% are child-only cases.
- The TANF caseload in FY 2001 was the smallest since 1961, at 5.4 million persons.

Bush Proposals for Non-TANF Services Place Additional Burdens on Poor

In other proposals aimed at the poor, President Bush continues to pursue policies that will reduce services or

increase the requirements placed on recipients of government assistance. Such proposals would:

- Offer states short-term funding for meeting Medicaid costs, but only if the state would agree to: repay the funds in the future, and convert its Medicaid and State Children's Health Insurance Program (SCHIP) program into one capped block grant. According to the Center on Budget and Policy Priorities, once a state agreed to these terms in order to receive funds that are needed due to state fiscal crises, they could no longer receive federal Medicaid matching funds that automatically grow as states' costs grow.
- Convert funding for public housing to a block grant to states, replacing the current federal Section 8 housing assistance program that provides funds directly from the federal government to local housing authorities.

- Increase the minimum amount of rent charged to residents in federally subsidized housing by changing the current \$50 cap on minimum rents to a requirement to charge at least \$50 for rent.
- Increase the scrutiny and documentation needed to prove eligibility for subsidized child nutrition programs such as school lunches.
- Reduce funding for federal afterschool programs from \$1 billion to \$600 million, preventing 571,000 children from participating in afterschool programs.

Responses to Bush Welfare Proposals

Below are some reactions to the House bill and President Bush's domestic

priorities:

- The Center for Law and Social Policy points out that requiring states to implement a 40-hour work requirement will have the perverse effect of focusing state efforts on participants who are already working, instead of those who have the greatest barriers to work. In order to meet the stringent requirement, states will be forced to devote resources to tracking and managing the number of hours worked rather than on providing support and training, and will be under pressure to sanction families unable to work.
- The National Conference of State Legislators reports that states are currently facing unprecedented budget shortfalls. Two-thirds of states are contending with the need to cut almost \$26 billion this fiscal year alone. For fiscal year 2004, the shortfall is expected to be at least \$68.5 billion. Responding to the administration's identical welfare reauthorization proposal last year, NCSL warned that increasing the work rate requirements without adequate child care funding would result in "an unfunded mandate on already cash strapped states."
- The National Council of La Raza issued a statement on the House passage of H.R. 4 that said, "Many hardworking, taxpaying Hispanic families are poor yet ineligible for temporary assistance and work supports because of their immigration status. However, Republican lawmakers flatly rejected two Democratic amendments containing provisions to assist these legal immigrant families."
- "The Bush budget brings good news to the rich and bad news to the poor. It is unjust and immoral. It must be rejected." *Marian Wright Edelman, President, Children's Defense Fund*

Did You Know That:

- The number of children in foster care in the United States for whom the parental rights for both of their parents have been terminated more than doubled in the two years following passage of the Adoption and Safe Families Act in 1997, from 37,000 in 1998 to 75,000 in 2000. *U.S. Administration for Children and Families Children's Bureau*
- Based on a report attached to a letter from the Wisconsin Department of Workforce Development dated February 12, 2003, in Milwaukee County in calendar year 2001, 30% of paternities were established in default (without the presence in court of the putative father).
- The number of noncustodial parents whose licenses have been suspended in Mississippi has increased, from 7 in 1997 to 4,724 in 2002. Professional and other licenses are subject to suspension in the state when a parent becomes two months behind in making child support payments.

- Minnesota Governor Tim Pawlenty is proposing as part of the state’s welfare plan to ban recipients from using their food stamps to buy unhealthy “junk” foods.

2003 Poverty Guidelines Released

The federal poverty guidelines, which are used in determining financial eligibility for certain federal programs and are updated

each year, have been updated as follows:

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$ 8,980	\$11,210	\$10,330
2	12,120	15,140	13,940
3	15,260	19,070	17,550
4	18,400	23,000	21,160
5	21,540	26,930	24,770
For each additional person, add	3,140	3,930	3,610

The guidelines are available at: <http://aspe.hhs.gov/poverty/03poverty.htm>.